



MICHAEL J. MURPHY
State Treasurer

State of Washington
Office of the Treasurer

This report, prepared in accordance with RCW 43.08.150, details the operations of the Office of the State Treasurer (OST) during February 2002. In this month's report we also feature the state's debt management program, which includes the state's bond debt, certificate of participation, and school bond guarantee programs.

The State Finance Committee, composed of the governor, lieutenant governor and state treasurer, the latter being designated by law as chairman, entered the financial market three times during calendar year 2001, with a total issuance of nearly \$1.33 billion in general obligation and motor vehicle fuel tax general obligation bonds. Washington ranked 24th among the Top 100 issuers in 2001.

As of Dec. 31, 2001, outstanding Washington state bond indebtedness totaled \$7.69 billion. In addition to debt owed, there remained \$3.6 billion that was authorized, but not issued. During calendar year 2001, the state maintained its AA+ ratings from Standard and Poor's Ratings Group and Fitch Investors Service, and Aa1 from Moody's Investors Service. In December, Moody's changed the state credit outlook from stable to negative.

At its Jan. 23, 2001 meeting, the State Finance Committee was informed the current statewide fiscal agency agreement would expire in February 2002. Therefore, the Office of the State Treasurer prepared and circulated a Request for Proposal (RFP) to interested banking institutions. The Treasurer enlisted the help of a local government working group to develop the RFP and recommend a fiscal agent provider for the next four years. Four financial institutions responded to the request. The evaluation team first focused on completeness of the proposal, experience, operations, application of technology, SEC compliance, organization, and bondholder and obligor relations. Three of the four respondents proposed to continue the current local paying agent/co-fiscal agent relationship with Wells Fargo Bank while a fourth proposed the use of its own statewide branch network.

Treasurer staff, serving as staff to the State Finance Committee, along with the local government working group, and the Washington State Association of County Treasurers, unanimously recommended the re-appointment of the Bank of New York, New York City, as fiscal agent and Wells Fargo Bank, Seattle, as co-fiscal agent pursuant to Chapter 43.80 RCW. The committee accepted the recommendation.

Respectfully,

MICHAEL J. MURPHY
WASHINGTON STATE TREASURER